

Better Competitiveness of LILAMA Corporation

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The LILAMA Corporation, established in 1960, has developed well for the past 45 years and played an important role in many major projects of the country, and now it is facing both opportunities and challenges posed by international integration.

- Presence of foreign rivals makes the competition keener. All projects require services of international standards and shorter duration for completion.

- Medium- and small-scale projects in different provinces are replacing major ones, this means fewer opportunities for the corporation.

To cope with the new situation, the corporation has adopted a strategy that aims at the following goals:

- Turning its large-scale and specialized affiliates into medium-scale companies with mixed operations appropriate to current conditions.

- Diversifying operations of affiliates by expanding from installation service to construction and production of machines: This decision allowed LILAMA to adjust to new conditions and complete many national projects, such as

North-South 500KW power line, parts of Phú Mỹ Thermo-power Plant, Phú Mỹ Steel Mill and many cement factories. LILAMA also leads the way to engineering production in Vietnam. To achieve this aim, the Corporation has made more investment in the LILAMA Design Consultancy, entered CIMAS Technological Design Company - a joint venture with Taiwanese CTCI Group, and developed the LILAMA Import - Export Company into an importer specializing in importing machines and equipment.

In recent years, LILAMA has been awarded many EPC contracts (engineering-procurement-construction) after competitive biddings: Phú Mỹ 4 Power Plant (in joint venture with Japanese Marubeni and Swiss Alstom); packages 2 and 3 of the Dung Quất Oil Refinery; and Uông Bí, Cà Mau 1 and 2 Power Plants. At present, the Phú Mỹ has come into operation and Uông Bí Power Plant in trial run.

LILAMA has improved its competitiveness when facing foreign rivals in Vietnam. To develop into a heavy industrial corpo-

ration like German Siemens, American GE, Japanese Mitsubishi or South Korean Hyundai, the Corporation has to reform its organization in the following strategic directions:

- Developing the corporation into a vertical trust to make it easy to engage in bidding for medium-size projects: LILAMA must reorganize its affiliates into two classes. The first one includes specialized companies under direct management of the Corporation, such as LILAMA Engineering Company, LILAMA Heavy Construction Equipment Company, LILAMA Export-Import Company, Hải Phòng Ship Building and Equipment Manufacturing Company, Central Vietnam Equipment Manufacturing Company, Southern Ship Building Company and Southern Engineering Manufacturing Company, etc. The second ones comprises financially independent affiliates that have their own potentials for engaging in various stages of the production of LILAMA finished products.

- Expanding the design consultant service: Foreign experience shows that the process engineering design

plays an important role in success of the EPC service because it serves as a basis for other design stages, such as mechanical design, piping & instrument diagram design, electrical distribution design, Utility flow design and civil design. In Vietnam today, no company could do the process engineering design, that is why the LILAMA has to beef up this service and develop the joint venture with CIMAS into a specialist in this service.

- Training managers of projects: Project manager play a decisive role in achieving three goals for the projects (technical quality, duration of construction and economic efficiency). Program to train EPC project managers could comprise two levels. The first one is based on courses offered by Australian and European technology universities and the second one will give specialized courses in management to persons who finish the basic level.

The overall goal for the LILAMA is to become the Vietnam's first heavy industrial corporation with modern technologies and management, and ability to face foreign competition at home and abroad by 2015. ■